

Message Text

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FOLLOWING REPET GENEVA 01581 ACTION SECSTATE INFO BELGRADE
BERLIN BRASILIA BUENOS AIRES CANBERRA HELSINKI LISBON
MONTEVIDEO RABAT ROME WELLINGTON EC BRUSSELS DTD 04 MAR

QTE

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E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: GATT COUNCIL, MARCH 2

REF: A. STATE 44501 B. STATE 44288

FOLLOWING IS SUMMARY OF ACTION TAKEN IN MARCH 2 GATT COUNCIL.
PLEASE NOTE THAT WASHINGTON ACTION IS REQUIRED ON SEVERAL
ITEMS.

1. MOROCCO OBSERVER STATUS IN GATT. APPROVED FOR COUNCIL,
WORKING PARTIES, AND OTHER REGULAR GATT BODIES.

2. ITALIAN MONETARY MEASURES. ITALY CONFIRMED SURTAX

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PAGE 02 STATE 051372

WAS REMOVED AS ACHEDULED. EC, REFERRING INDIRECTLY TO
THE INTERNAL EC STRUGGLE OVER WHETHER ITALY SHOULD HAVE
SUBMITTED TO THE GATT EXAMINATION, TOLD COUNCIL THE WP
EXAMINATION HAD BEEN A USEFUL EXPERIENCE. U.S. WELCOMED
SURTAX REMOVAL AND APPROVED ADOPTION OF REPORT BUT RECOM-
MENDED THAT WO REMAIN IN EXISTENCE UNTIL PRIOR DEPOSITS
ELIMINATED. CANADA AND SWITZERLAND SUPPORTED AND COUNCIL

AGREED.

3. SOUTH AFRICA -- WP REPORT ON IMPORT DEPOSITS.
ADOPTED.

4. BALANCE OF PAYMENTS COMMITTEE REPORTS.

A. ISRAEL. ADOPTED.

B. PORTUGAL. PER STATE 45205, U.S. REGRETTED CIRCUMSTANCES REQUIRING PORTUGAL TO INTENSIFY RESTRICTIONS, HOPED THEY WOULD BE REMOVED AS SOON AS PRACTICABLE, AND REQUESTED INFORMATION ON EXTEND OF QR'S. PORTUGAL SAID THEY HOPED TO NOTIFY MEASURES SOON.

C. YUGOSLAVIA. CANADA, U.S. EXPRESSED DISAPPOINTMENT OVER RECENT EXTENSION AND PARTIAL INTENSIFICATION OF RESTRICTIONS AND HOPED FOR EARLY REMOVAL. YUGOSLAVIA SAID BOP SITUATION HAD GEGUN TO WORSEN,

D. MINI-CONSULTATIONS. BOP COMMITTEE CHAIRMAN JAGMITTI STATED THAT ONLY FIVE OF THE PAST 24 MINI-CONSULTATIONS HAD RESULTED IN FULL CONSULTATIONS AND ADDED THAT CP'S MAY WISH IN FUTURE CONSIDER INVOKING MORE FULL CONSULTATIONS. REPORTS ADOPTED.

E. 1977 BOP CONSULTATIONS. ARGENTINA INQUIRED ANXIOUSLY RE CALENDAR OF EXAMINATIONS. DIRECTOR-GENERAL SAID EXACT DATES WOULD BE ESTABLISHED IN CONSULTATION WITH INTERESTED DELS. APPROVED.

5. WP REPORT ON TRADE WITH ROMANIA. ROMANIA THANKED WP MEMBERS FOR SPIRIT OF COOPERATION. ADOPTED.

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PAGE 03 STATE 051372

6. CARICOM WP REPORT. ADOPTED.

7. FINDLAN-GDR WP REPORT. CANADA REGRETTED ABSENCE OF GDR IN WP, WHICH MADE IT DIFFICULT TO OBTAIN USEFUL ANSWERS, AND TRUSTED IT WOULD BE POSSIBLE TO HAVE A MORE PRODUCTIVE MEETING IN FUTURE. FINLAND SAID THEY INTENDED TO PROVIDE RELEVANT STATISTICS FOR BOTH PARTIES. COUNCIL ADOPTED INTERIM REPORT AND NOTED WP TO MEET AGAIN WITHIN EIGHTEEN MONTHS.

8. ITC REPORTS. INDIA, NORDICS, EGYPT, ARGENTINA, URUGUAY SAID IMPLEMENTATION OF ALL RECOMMENDATION IN JAG REPORT WOULD REQUIRE MORE FUNDS THAN CURRENTLY AVAILABLE. NORDICS ADDED THAT BETTER SHARING OF BURDEN WAS NEEDED FOR FINANCING ITC ACTIVITIES. ITC DIRECTOR SAID CENTER WAS CURRENTLY EXAMINING WAYS TO CUT COSTS IN ORDER TO MEET OBLIGATIONS WITHIN EXISTING BUDGET. REPORT ADOPTED AND RECOMMENDATIONS APPROVED.

9. AUSTRALIA-PAPUA/NEW GUINEA AGREEMENT. COUNCIL ESTABLISHED CUSTOMARY WORKING PARTY WITH STANDARD TERMS OF REFERENCE TO EXAMINE AGREEMENT IN LIGHT OF RELEVANT PROVISIONS OF GATT. COUNCIL CHAIRMAN WILL NOMINATE WP CHAIRMAN IN CONSULTATION WITH INTERESTED DELS. WASHINGTON ACTION REQUIRED: QUESTIONS ON AGREEMENT ARE DUE BY APRIL 15.

10. ARAB COMMON MARKET REPORT. NOTED.

1. BRAZILIAN WAIVER EXTENSION. PER STATE 44501, U.S. SUPPORTED ONE-YEAR EXTENSION TO END OF MARCH 1978 BUT STATED WE EXPECT COMPENSATION BE NEGOTIATED PROMPTLY WITHIN THE TIME PERIOD PROVIDED. EC, IN SUPPORTING WAIVER EXTENSION, SAID LDC'S IN GATT SHOULD TAKE NOTE HOW GATT ALLOWS SPECIAL CONSIDERATION, AS WITH THIS FURTHER WAIVER EXTENSION. JAPAN AND CANSDA ALSO SUP-
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PAGE 04 STATE 051372

PORTED WAIVER EXTENSION BUT HOPED FOR EARLY CONCLUSION TO NEGOTIATIONS. NOTE: NEW SCHEDULE III-BRAZIL HAS JUST BEEN CIRCULATED AS GATT DOCUMENT L/4476; BEING POUCHED NORMAL WASHINGTON DISTRIBUTION. TEXT OF WAIVER EXTENSION APPROVED BY COUNCIL AND ADOPTION BY CP'S RECOMMENDED. WASHINGTON ACTION REQUIRED: MISSION REQUIRES AUTHORITY TO VOTE FOR.

12. DISC AND RELATED TAX PRACTICES. GENEVA 1521 AND ADDITIONAL SEPTEL.

13. GATT SALARIES AND ALLOWANCES. SEE SEPTEL.

14. OTHER BUSINESS.

A. FINNISH ARTICLE XIX RESTRICTIONS ON PANTYHOSE. SINGAPORE COMPLAINED THAT FINNISH ACTION USES PRICE BREAK AND WAS NOT PRECEDED YB ADVANCE NOTICE OR CONSULTATIONS; IN BOTH RESPECTS VIOLATES ARTICLE XIX. SAID ACTION SHOULD HAVE BEEN TAKEN UNDER MFA. FINLAND MERELY SAID ACTION HAD BEEN NOTIFIED AND PROMISED MAKE ADDITIONAL INFORMATION AVAILABLE.

B. U.S. IMPORT RESTRICTIONS ON BEEF. NEW ZEALAND REPORTED TO COUNCIL THEIR VIEWS OF ARTICLE XXII CONSULTATIONS WITH U.S. AND SAID U.S. ACTION IN 1976 HAD BEEN WITHOUT GATT COVER AND ADDED THAT QUOTA PROVISIONS OF U.S. MEAT IMPORT LAW WERE GENERALLY INCONSISTENT WITH U. S. OBLIGATIONS UNDER THE GATT. THEY SAID GIVEN THIS QUESTIONABLE CINSISTENCY, U.S. HAS RESPONSIBILITY TO BE PARTICULARLY SCRUPULOUS IN THE ADMINISTRATION OF THIS REGIME AND TO BE CONTINUALLY ALERT TO WAYS

IN WHICH IT CAN BE IMPROVED WITH THE AIM OF SECURING A
GREATER U.S. CONTRIBUTION TO LIBERALIZATION OF WORLD
TRADE IN BEEF. ADDED THAT CANADIAN RESTRICTIONS ON
BEEF IN 1976 WERE ALSO OF DOUBTFUL VALIDITY AND
SAID BOTH ACTIONS HIGHLIGHT NEED FOR MTN PROGRESS TO
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PAGE 05 STATE 051372

IMPROVE WORLD TRADE CONDITIONS FOR BEEF. AUSTRALIA
SAID THEY UNDERSTOOD AND SHARED NEW ZEALAND CONCERNS
BUT NOTED THAT THE OBSERVATIONS SHOULD NOT BE CONFINED
TO THE U.S. AND CANADA.

C. U.S. IMPORT INVESTIGATION ON FOOTWEAR. URUGUAY
SIAD ITC RECOMMENDATION GOES BEYOND PRESIDENT'S 1976
DECISION. ADOPTION OF RECOMMENDATIONS WOULD VIOLATE
COMMITMENTS TO LCD'S IN GATT AND WOULD CONSTITUTE A
FORMAL DENIAL OF THE POLICIES THE U.S. CLAIMS IT IS
DEFENDING IN INTERNATIONAL RELATIONS. URUGUAY ADDED
THAT SUCH EXAMINATIONS TEND TO OCCUR IN U.S. WITH ALARM-
ING FREQUENCY AND STRAIN CREDIBILITY OF GATT. U.S.
PROMISED REPORT URUGUAY'S CONCERN TO OUR AUTHORITIES
AND NOTED THAT OUR NOTIFICATION OF THE ITC RECOMMENDATION
SHOULD APPEAR IN GATT DOCUMENT FORM ANY DAY.

D. EXTENSION OF BRAZILIAN TRADE RESTRICTIONS.
PER STATE 45379, U.S. SAID WE HAD UNDERSTOOD THERE WERE
NEW TRADE RESTRICTIONS IN BRAZIL AND WONDERED WHETHER
THIS INFORMATION WERE ACCURATE. BRAZIL SAID THEY
HAD RECEIVED NO OFFICIAL INFORMATION BUT WOULD NOTIFY
GATT OF ANY ARRIVED.

E. CHAIRMAN OF BUDGET COMMITTEE. FEIJ OF
NETHERLANDS APPROVED.

F. CHAIRMAN OF BANGKOK AGREEMENT WP. LEMMEL OF
SWEDED APPROVED. CATTO UNQTE VANCE

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